

Message Text

LIMITED OFFICIAL USE

PAGE 01 BRUSSE 07225 191822Z

70

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 EB-11 FRB-03 H-03 INR-11 INT-08 L-03 LAB-06

NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-03 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 OMB-01

SWF-02 FEA-02 DOTE-00 DRC-01 /197 W
----- 076541

R 191710Z SEP 74

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 2054

INFO USMISSION EC BRUSSELS

USMISSION GENEVA

USMISSION OECD PARIS

LIMITED OFFICIAL USE BRUSSELS 7225

DEPARTMENT PASS STR

E.O. 11652: NA

TAGS: ETRD, BEXP, BE

SUBJECT: INCREASED BELGIAN ROAD TAX--IMPACT ON US EXPORT OF CARS

REF: BRUSSELS 6924

1. SUMMARY--FORD OF BELGIUM APPROACHED EMBASSY REQUESTING
JOINT EMBASSY-INDUSTRY REPRESENTATION TO THE BELGIAN
GOVERNMENT TO REDUCE THE PROPOSED INCREASE IN ROAD TAXES.
FORD BELIEVES THAT SINCE THE PROPOSED TAX INCREASES WILL HIT
LARGE CYLINDER CARS PROPORTIONALLY HARDER THAN SMALLER CARS,
THEY WILL CUT EXPORTS OF AMERICAN CARS TO BELGIUM BACK TO
THEIR PRE-DEVALUATION LEVEL.

2. BRIEFLY STATED, THE FORD COUNTER-PROPOSAL WOULD LIMIT
ALL ROAD TAXES TO A MAXIMUM OF 6 PERCENT OF RETAIL PRICE.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BRUSSE 07225 191822Z

3. FORD EXPLORED ITS IDEAS WITH GM AND CHRYSLER AND IT BECAME CLEAR THAT GM DID NOT AGREE WITH FORD'S APPROACH. THE EMBASSY IS NOT AWAITING DETAILS OF GM'S ALTERNATIVE PROPOSALS. END SUMMARY.

4. H. GLATZ (GOVERNMENTAL AFFAIRS FOR FORD OF EUROPE) AND VAN DE VONDEL (FINANCE MANAGER FOR FORD OF BELGIUM) CALLED ON EMBASSY SEPTEMBER 12 TO EXPLORE POSSIBILITIES FOR JOINT EMBASSY-INDUSTRY REPRESENTATION TO BELGIAN GOVERNMENT CONCERNING PROPOSED INCREASE ROAD TAXES. FORD HAS BEEN IN TOUCH WITH EMBASSY EARLIER ON PROPOSED INCREASE IN BELGIAN ROAD TAXES (BRUSSELS 6924).

5. FORD BELIEVES THAT UNLESS THE PROPOSED ROAD TAX INCREASE IS REVISED DOWNWARD IN SOME MANNER FOR LARGE ENGINE CARS, SALES OF AMERICAN CARS IN BELGIUM WILL DROP BACK TO THE TRUCKS THEY WERE BEFORE THE DEVALUATION OF THE DOLLAR. SINCE FORD AND GM ARE MAJOR EMPLOYERS IN BELGIUM, FORD SUGGESTS COMBINED INDUSTRY-EMBASSY APPROACH COULD HAVE SIGNIFICANT INFLUENCE ON THE BELGIAN GOVERNMENT'S ROAD TAX POLICY.

6. GLATZ ALSO REPORTED THAT JAMES GOLDEN OF FORD IN WASHINGTON HAS DISCUSSED POSSIBLE JOINT INDUSTRY-EMBASSY APPROACH TO BELGIAN GOVERNMENT WITH MALMGREN AT STR.

7. GLATZ SAID THAT FORD WANTED TO DEVELOP WITH THE EMBASSY AN AGREED SHORT-RUN COMPROMISE ON INCREASED BELGIAN ROAD TAXES BASED ON SETTING A MAXIMUM TAX CEILING OF 6 PERCENT OF THE RETAIL PRICE. FORD DID NOT, HOWEVER, WANT ITS PROPOSED COMPROMISE (HOWEVER ATTRACTIVE IN THE SHORT RUN) TO PREJUDICE THE AMERICAN NEGOTIATING POSITION AT THE MTN. GLATZ ASSUMES THAT AT THE MTN THE U.S. WILL SEEK TO DEMONSTRATE THAT THE BASIC BELGIAN/FRENCH SYSTEM OF TAXING CARS BASED ON FISCAL HORSEPOWER/CYLINDER SIZE IS FUNDAMENTALLY DISCRIMINATORY TO U.S. EXPORTS AND SHOULD BE NEGOTIATED IN AN NTB CONTEXT.

8. MR. VAN DE VONDEL EXPLAINED THAT THE 6 PERCENT CEILING HAD BEEN CHOSEN BY FORD AFTER ITS INVESTIGATIONS LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BRUSSE 07225 191822Z

SHOWED THAT NO EUROPEAN CAR SOLD IN SIGNIFICANT QUANTITY IN BELGIUM WOULD BE TAXED HIGHER THAN 5.8 PERCENT UNDER THE SCHEME BEING CONSIDERED BY THE GOVERNMENT.

9. THE EMBASSY EXPRESSED INTEREST IN THE FORD PROPOSAL AND ASKED IF IT HAD BEEN DISCUSSED WITH GM AND CHRYSLER. WHEN GLATZ SAID THAT IT HAD NOT, THE EMBASSY SUGGESTED THAT IT WOULD BE USEFUL TO KNOW WHETHER GM AND CHRYSLER

AGREED WITH FORD'S PROPOSALS.

10. VAN DE VONDEL TOLD THE EMBASSY ON SEPTEMBER 18 THAT GM BELGIUM (MR. OLSEN) HAD INFORMED HIM THAT GM COULD NOT AGREE TO THE FORD IDEA AND WOULD SOON HAVE SOME THOUGHTS OF ITS OWN.

11. EMBASSY THEREAFTER SPOKE WITH WOLFE, THE GENERAL MANAGER OF GM-BELGIUM, WHO CONFIRMED GM'S OPPOSITION TO THE FORD PROPOSAL, BOTH IN SUBSTANCE AND IN FORM. ACCORDING TO WOLFE, GM DOES NOT WISH TO JOIN IN THIS MATTER WITH FORD BECAUSE: (A) IT HAS AN EC ANTI-TRUST CASE PENDING AGAINST IT; (B) IT IS DEVELOPING ALTERNATIVE PROPOSALS BOTH OF WHICH IT CONSIDERS BETTER THAN FORD'S AND; (C) IT DOUBTS THE BELGIAN FINANCE MINISTRY WILL ACCEPT EITHER FORD'S PROPOSAL OR OTHER PROPOSALS BASED ON THEIR UNDERSTANDING OF FORD'S APPROACH. GM IS SENDING THIS EMBASSY A COPY OF THE PROPOSAL IT PLANS TO PURSUE WITH THE BELGIAN GOVERNMENT AND, IN THE MEANTIME, SUGGESTED THAT THE EMBASSY CONTINUE TO LIMIT ITS REPRESENTATIONS TO BELGIAN MINISTRIES TO GENERAL PROTEST ON DISCRIMINATORY ROAD TAXES, WITHOUT PROPOSING ALTERNATIVE SHORT-RUN APPROACHES. FIRESTONE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORTS, AUTOMOBILES, TAXES, FINANCIAL PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 19 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BRUSSE07225
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740263-0965
From: BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740933/aaaabblf.tel
Line Count: 138
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: BRUSSELS 6924
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 08 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 APR 2002 by cunninfx>; APPROVED <03 JUL 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INCREASED BELGIAN ROAD TAX--IMPACT ON US EXPORT OF CARS
TAGS: ETRD, BEXP, BE, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005